

Hobbies

Coin dealers fear being hogtied by red tape from the IRS

By Roger Boye

Some coin dealers fear that Internal Revenue Service red tape could put them in the red.

At issue is an IRS requirement that coin and bullion dealers complete an IRS Form 1099-B each time they buy precious metals, with a copy of the form going to the customer and a copy to the IRS. Technically, dealers are supposed to fill out a form even if they buy just one com-

mon-date silver dime for 40 cents.

The average cost of completing such paperwork ranges from \$8 to \$12 per transaction—a sure way to lose money on a 40-cent purchase, said David L. Ganz, a governor and legislative counsel of the American Numismatic Association and board member of the Industry Council for Tangible Assets.

The regulation—designed to help the IRS collect taxes due on

profits from capital gains—took effect in 1983. But IRS officials only recently have begun to audit information supplied by coin dealers, with the most aggressive review occurring in a few western states.

Ganz said that two coin dealers in the West have been assessed fines of \$50,000 each for failing to file the 1099-B forms on a timely basis. Some other dealers think they could be forced out of business if the IRS office in their

area begins to clamp down.

The industry council has raised nearly \$250,000 to fight the IRS regulation and to support a U.S. Senate bill that would end the reporting requirement on transactions of less than \$10,000. Similar legislation may be introduced in the House.

Meanwhile, the association has said that the reporting regulation is confusing and imposes a harsh and unfair burden on coin dealers and collectors.